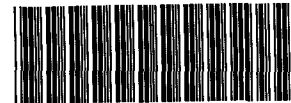


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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

DOCKETED

2003 AUG 15 P 1:03

MARC SPITZER, Chairman  
JIM IRVIN  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
MIKE GLEASON

AUG 15 2003

DOCKETED BY

CMH

ARIZONA CORPORATION COMMISSION  
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF  
ARIZONA PUBLIC SERVICE COMPANY FOR A  
HEARING TO DETERMINE THE FAIR VALUE  
OF THE UTILITY PROPERTY OF THE  
COMPANY FOR RATEMAKING PURPOSES, TO  
FIX A JUST AND REASONABLE RATE OF  
RETURN THEREON, TO APPROVE RATE  
SCHEDULES DESIGNED TO DEVELOP SUCH  
RETURN, AND FOR APPROVAL OF  
PURCHASED POWER CONTRACT.

DOCKET NO. E-01345A-03-0437

**RATE CASE**  
**PROCEDURAL ORDER**

**BY THE COMMISSION:**

On June 27, 2003, the Arizona Public Service Company ("APS") filed with the Arizona Corporation Commission ("Commission") an application for a rate increase and for approval of a purchased power contract.

On July 25, 2003, the Utilities Division Staff ("Staff") of the Commission filed a letter stating that the application was found sufficient and classified the applicant as a Class A utility.

By Procedural Order issued August 6, 2003, a Procedural Conference was scheduled for August 13, 2003, and intervention was granted to the Arizonans for Electric Choice and Competition ("AECC"), the Federal Executive Agencies ("FEA"), the Kroger Company ("Kroger"), the Residential Utility Consumer Office ("RUCO"), the Arizona Utility Investors Association, Inc., ("AUIA") and Phelps Dodge Corporation and Phelps Dodge Mining Company ("Phelps Dodge").

The August 13, 2003 Procedural Conference was held as scheduled and the parties discussed proposed procedural deadlines.

Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern the preparation and conduct of this proceeding.

1 IT IS THEREFORE ORDERED that the hearing in the above-captioned matter shall  
2 commence on **April 7, 2004, at 10:00 a.m.** or as soon thereafter as is practical, at the Commission's  
3 offices, 1200 West Washington Street, Arizona 85007.

4 IT IS FURTHER ORDERED that a pre-hearing conference shall be held on **April 1, 2004, at**  
5 **10:00 a.m.**, at the Commission's Phoenix offices, for the purpose of scheduling witnesses and the  
6 conduct of the hearing.

7 IT IS FURTHER ORDERED that the Staff Report and/or any testimony and associated exhibits  
8 to be presented at hearing on behalf of Staff on all issues except cost of service (i.e. cost allocation)  
9 and rate design shall be reduced to writing and filed on or before **January 9, 2004**, and on cost of  
10 service and rate design issues on or before **February 3, 2004**.

11 IT IS FURTHER ORDERED that any testimony and associated exhibits to be presented at  
12 hearing on behalf of intervenors on all issues except cost of service (i.e. cost allocation) and rate  
13 design shall be reduced to writing and filed on or before **January 9, 2004**, and on cost of service and  
14 rate design issues on or before **February 3, 2004**.

15 IT IS FURTHER ORDERED that any rebuttal testimony and associated exhibits to be  
16 presented at hearing by APS on all issues except cost of service (i.e. cost allocation) and rate design  
17 shall be reduced to writing and filed on or before **February 10, 2004**, and on cost of service and rate  
18 design issues on or before **March 2, 2004**.

19 IT IS FURTHER ORDERED that any surrebuttal testimony and associated exhibits to be  
20 presented by the Staff or intervenors on all issues except cost of service (i.e. cost allocation) and rate  
21 design shall be reduced to writing and filed on or before **March 2, 2004**, and on cost of service and  
22 rate design issues on or before **March 22, 2004**.

23 IT IS FURTHER ORDERED that any rejoinder testimony and associated exhibits to be  
24 presented at the hearing on behalf of APS on all issues except cost of service (i.e. cost allocation) and  
25 rate design shall be reduced to writing and filed on or before **March 17, 2004**, and on cost of service  
26 and rate design issues on or before **noon on March 30, 2004**.

1 IT IS FURTHER ORDERED that **all filings shall be made by 4:00 p.m. on the date the**  
2 **filing is due, unless otherwise indicated above.**

3 IT IS FURTHER ORDERED that any objections to any testimony or exhibits which have  
4 been prefiled as of April 1, 2004, shall be made before or at the April 1, 2004 pre-hearing conference.

5 IT IS FURTHER ORDERED that all testimony filed shall include a table of contents which  
6 lists the issues discussed.

7 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to  
8 pre-filed testimony shall be reduced to writing and filed no later than five days before the witness is  
9 scheduled to testify.

10 IT IS FURTHER ORDERED that the parties shall prepare a brief, written summary of the  
11 pre-filed testimony of each of their witnesses and shall file each summary at least two working days  
12 before the witness is scheduled to testify.

13 IT IS FURTHER ORDERED that copies of summaries should be served upon the Presiding  
14 Officer, the Commissioners, and the Commissioners' aides as well as the parties of record.

15 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,  
16 except that all motions to intervene must be filed on or before January 6, 2004.

17  
18 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and  
19 regulations of the Commission, except that: any objection to discovery requests shall be made within  
20 7 days<sup>1</sup> of receipt and responses to discovery requests shall be made within 10 days of receipt; the  
21 response time may be extended by mutual agreement of the parties involved if the request requires an  
22 extensive compilation effort; and no discovery requests shall be served after April 2, 2004.

23 IT IS FURTHER ORDERED that discovery requests, objections, and answers may be served  
24 electronically.<sup>2</sup>

25  
26  
27 <sup>1</sup> "Days" means calendar days. The date of receipt of discovery requests is not counted as a day, and requests  
received after 4:00 p.m. MST will be considered as received the next business day.

28 <sup>2</sup> If requested by the receiving party, and the sending party has the technical capability, service electronically is  
mandatory.

1 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel  
2 discovery, any party seeking resolution of a discovery dispute may telephonically contact the  
3 Commission's Hearing Division to request a date for a procedural hearing to resolve the discovery  
4 dispute; that upon such a request, a procedural hearing will be convened as soon as practicable; and  
5 that the party making such a request shall forthwith contact all other parties to advise them of the  
6 hearing date and shall at the hearing provide a statement confirming that the other parties were  
7 contacted.<sup>3</sup>

8 IT IS FURTHER ORDERED that any motions which are filed in this matter and which are  
9 not ruled upon by the Commission within 10 days of the filing date of the motion shall be deemed  
10 denied.

11 IT IS FURTHER ORDERED that any responses to motions shall be filed within five days of  
12 the filing date of the motion.

13 IT IS FURTHER ORDERED that any replies shall be filed within five days of the filing date  
14 of the response.

15 IT IS FURTHER ORDERED that the Company shall provide public notice of the hearing in  
16 this matter, in the following form and style with the heading in no less than 24 point bold type and the  
17 body in no less than 10 point regular type:

18  
19 **PUBLIC NOTICE OF HEARING ON THE APPLICATION FOR RATE INCREASE**  
20 **AND APPROVAL OF PURCHASED POWER CONTRACT**  
21 **BY ARIZONA PUBLIC SERVICE COMPANY**  
**DOCKET NUMBER E-01345A-03-0437**

22 On June 27, 2003, Arizona Public Service Company, ("APS") filed an application  
23 with the Arizona Corporation Commission for a 9.8 percent increase (\$175.0 million)  
24 over adjusted test year revenues, and for approval of a purchased power contract with  
25 Pinnacle West Energy Corporation. The actual percentage rate increase for individual  
26 customers will vary depending upon the type and quantity of service provided. Copies  
27 of APS' application and proposed tariffs are available at its office [insert address and  
telephone number] and the Commission's offices at 1200 West Washington, Phoenix,  
Arizona, for public inspection during regular business hours.

28 <sup>3</sup> The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before seeking Commission resolution of the controversy.

1 The Commission will hold a hearing on this matter beginning April 7, 2004 at 10:00  
2 a.m. at the Commission's offices, 1200 West Washington, Phoenix, Arizona. Public  
3 comments will be taken on the first day of the hearing. Written public comments may  
4 be submitted via email (visit <http://www.cc.state.az.us/utility/cons/index.htm> for  
instructions), or by mailing a letter referencing Docket Number E-01345A-03-0437 to:  
Arizona Corporation Commission, Consumer Services Section, 1200 West  
Washington, Phoenix, AZ 85007.

5 The law provides for an open public hearing at which, under appropriate  
6 circumstances, interested parties may intervene. Intervention shall be permitted to any  
7 person entitled by law to intervene and having a direct and substantial interest in the  
8 matter. Persons desiring to intervene must file a written motion to intervene with the  
Commission, which motion should be sent to APS or its counsel and to all parties of  
record, and which, at the minimum, shall contain the following:

- 9 1. The name, address, and telephone number of the proposed intervenor  
and of any party upon whom service of documents is to be made if  
10 different than the intervenor.
- 11 2. A short statement of the proposed intervenor's interest in the  
proceeding (e.g., a customer, stockholder of APS, etc.).
- 12 3. A statement certifying that a copy of the motion to intervene has been  
13 mailed to APS or its counsel and to all parties of record in the case.

14 The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except  
15 that all motions to intervene must be filed on or before January 6, 2004. For  
information about requesting intervention, visit the Arizona Corporation  
16 Commission's webpage at <http://www.cc.state.az.us/utility/forms/index.htm>. The  
granting of intervention, among other things, entitles a party to present sworn evidence  
17 at hearing and to cross-examine other witnesses. However, failure to intervene will  
not preclude any customer from appearing at the hearing and making a statement on  
such customer's own behalf.

18 The Commission does not discriminate on the basis of disability in admission to its  
19 public meetings. Persons with a disability may request a reasonable accommodation  
such as a sign language interpreter, as well as request this document in an alternative  
20 format, by contacting the ADA Coordinator, voice phone number 602/542-3931.  
Requests should be made as early as possible to allow time to arrange the  
21 accommodation.

22 IT IS FURTHER ORDERED that APS shall mail to each of its customers a copy of the above  
23 notice either as a bill insert beginning with the first billing cycle in September or by special mailing  
24 concluding no later than October 10, 2003, and shall cause the above notice to be published at least  
25 once in a newspaper of general circulation in all its service territories, with publication to be  
26 completed no later than September 15, 2003.

27 IT IS FURTHER ORDERED that APS shall file certification of mailing/publication as soon  
28 as practicable after the mailing/publication has been completed.

1 IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing/publication  
2 of same, notwithstanding the failure of an individual customer to read or receive the notice.

3 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized  
4 Communications) applies to this proceeding as the matter is now set for public hearing.

5 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended  
6 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

7 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive  
8 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

9 DATED this 15 day of August, 2003.

10  
11  
12   
13 LYN FARMER  
CHIEF ADMINISTRATIVE LAW JUDGE

14 Copies of the foregoing mailed/delivered  
15 this 15 day of August, 2003 to:

16 Thomas L. Mumaw  
17 Karilee S. Ramaley  
18 PINNACLE WEST CAPITAL CORPORATON  
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18 Ernest Johnson, Director of Utilities  
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21 Phoenix, Arizona 85007

22 Arizona Reporting Service, Inc.  
23 2627 N. Third Street, Suite Three  
24 Phoenix, Arizona 85004-1103

25 By:

26   
27 Molly Johnson  
28 Secretary to Lyn Farmer